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SUBJECT: ANTANANARIVO POL/ECON WEEKLY UPDATE

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11. (U) SUMMARY: This is U.S. Embassy Antananarivo's Weekly Update for September 7 to 18, an unclassified review of major political, economic, and commercial events and information from the U.S. Mission to Madagascar and the Comoros. END SUMMARY.

#### POLITICS

12. (SBU) POLITICAL UPDATE: Opposition leaders have called for widespread demonstrations on September 19, in advance of their September 20 deadline for a return to negotiations. Possibly signaling a lack of concern, HAT President Andry Rajoelina plans to travel to New York on the 19th for the UN General Assembly (ref C), leaving Prime Minister Monja Roindefo to deal with events in his absence. With the opposition increasingly united against Rajoelina (ref B), this weekend's demonstrations could be an indicator of the opposition's ability to advance its agenda, as well as the coup regime's ability to maintain control (ref A) in the face of rising popular discontent and widespread international condemnation.

13. (SBU) RECENT DEMONSTRATIONS: Following the September 8 nomination of the new HAT government "of national unity" (an erroneous title, see ref G), supporters of the three other movements restarted street demonstrations on September 10 and 11. Attempts to gather on "Democracy Square" in central Tana were met with rapid intervention and teargas from local security forces. The demonstrations have resulted in several injuries, including three European bystanders. The HAT used the incidents as a pretext to postpone negotiations, after originally accepting to meet on September 13, and has created a crisis management team to address the recent "trouble-making and breach to public order."

14. (SBU) NEW POLITICALLY-MOTIVATED ARRESTS: In addition to the arrests of a few "looters" during recent demonstrations, the HAT has arrested two new high-profile political figures. Former TIM Senator Eliane NAIKA was reportedly violently arrested in a hotel on September 12, then put under house arrest. TIM spokesperson, and former National Assembly Deputy, Raharinaivo ANDRIANANTOANDRO was brought back into custody for a "breach of public order, criminal conspiracy and destruction of property", as he was present during the unauthorized September 10 and 11 sit-in outside Democracy Square. Others currently wanted are two pro-Ravalomanana Legalist

leaders, Ambroise RAVONISON and Andrianalijaona NDREMANAMPY a.k.a. Satrobory, for organizing an unauthorized public demonstration and breach to public order. Tabera RANDRIAMANATSOA, a federalist activist from Zafy's movement, and former TIM Deputy Yves Aim RAKOTOARISOA a.k.a. Meme, are also wanted for incitement to violence, in reference to their September 9 speeches at MAGRO.

¶15. (U) IFTAR DINNER: In an effort to strengthen ties with the various Muslim communities of Madagascar, the Ambassador hosted an Iftar dinner on September 15 that was attended by around 65 guests. The guests included an IV program participant, who was eager to share his experiences from his recent trip to the U.S. on interfaith dialogue. A number of Comorans resident in Madagascar also attended. The Ambassador's speech regarding Islam's role in America and USG efforts to promote freedom of religion abroad was well received.

¶16. (SBU) LIBYAN MILITARY ASSISTANCE: Following Madagascar's attendance at Libyan leader Muammar Qadhafi's recent celebration of his 40th year in power, media sources announced Libya's donation of four MI-8 helicopters and a cargo plane to the Malagasy military. In a recent cabinet meeting, the HAT reportedly has also decided to invite the Libyan military to Madagascar to support their Malagasy counterparts in "their fight against rural insecurity". No further details have emerged to indicate that Tripoli was aware of this decision, or has any intention of responding.

#### ECONOMIC AND COMMERCIAL

¶17. (SBU) TOTAL OIL INVESTMENT: The General Manager of the French company Total Exploration and Production Madagascar, Lionel Levha,

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told the Ambassador that Total's joint venture with U.S. company Madagascar Oil (MO) in northeastern Madagascar to mine oil sands was going well, with good cooperation from the government on administrative matters. The company has not been extorted or pressured, and intends to maintain its low profile to avoid such harassment. Total, the operator on the Bemolanga block, for which MO holds the license, plans to invest USD 70 million during the first phase of drilling, which began July 25, 2009. They plan to drill around 150 shallow wells; Levha noted that the oil can be seen just lying on the surface. If the initial testing is positive, a pilot project may begin in mid-2011. The next phase would involve an investment of hundreds of millions of dollars, with production possibly beginning in another ten years. Total has 28 expats in country, including two that have experience in oil sands mining in Alberta. Levha was optimistic that the mining could be more productive here than in Canada or Venezuela because the project has an enormous area in which to work; unfortunately, the environmental impact in this sparsely populated, lightly-forested area will be equally large.

¶18. (U) MINIMUM EXPORT PRICE OF VANILLA: On July 7, 2009, the Ministry of Trade fixed the minimum export price of vanilla at USD 27 per kilogram. At present, the market rate is USD 18/kg in the vanilla-intensive SAVA area (Sambava, Antalaha, Vohemar, and Andapa regions). As vanilla export prices were liberalized in 1995, many business associations consider this minimum price as illegal, and unfair to free competition. IMF Representative Pierre Van de Boogaerde has publicly expressed his concern for Madagascar's competitiveness as a result of the move.

¶19. (SBU) PROTECTION OF ENVIRONMENT AND HARD WOODS: On September 15, the GOM created a task force to prevent the looting of hard woods (ebony and rosewood) in Masoala and Mananara parks. The task force will be composed of the Ministry of Environment, the armed forces, the Ministry of the Interior, the Ministry of Decentralization, the Ministry of Justice, and the Ministry of Budget, under (unfortunately) the leadership of the Prime Minister's Office. Since the beginning of the 2009 political crisis, major environmental donors, including WWF, WCS, and CI, have warned the GOM about the looming environmental disaster in these areas, including in joint communiqués led and coordinated by the U.S. Mission.

¶10. (U) THE 2009 SIIT: The 2009 International Fair of Innovation and Technology (SIIT) will take place at Futura Andranomena from September 16 to 20. Despite the current political situation, the 46 participating companies are hoping to re-launch Madagascar's IT market through this fair.

¶11. (U) RICE PRICE: Since the beginning of September, the price of rice has increased in Antananarivo. Media reports indicate that the increase averaged 5 to 10 percent, although variations across the country ranged from negative 6 percent to positive 7 percent depending on the region and the type of rice. The availability of rice for the upcoming shortage period constitutes a major concern for the country, given that during the last three months, only 1,024 tons of rice were imported compared to 24,711 tons in 2008 during the same period. Reduced imports are, however, in part due to lower demand for imports resulting from the bumper domestic harvest of ¶2009.

¶12. (U) ENFIN, A SECOND MALAGASY BREWERY: Despite earlier administrative obstacles and rumored sabotage by its entrenched competitor, new beer producer NBM will soon receive definitive authorization from the Ministry of Water to use the Manjakatampo spring for its production, Minister of Water Nirhy Lanto Andriamahazo recently confirmed. The Minister of Environment has already signed off on the land use, leaving only final authorization from the Ministry of Economy before Madagascar's second brewery is able to start production. This will effectively end one of Madagascar's most enduring monopolies.

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